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RAO Newsletter # 2013-1 - January 9, 2013
Big TRICARE & Other Wins in Defense Bill

MOAA has obtained a copy of the final FY2013 Defense Authorization Act just completed by House and Senate negotiators.

While it still must be passed by the full House and Senate, the deal is done, and that formality should be completed this week.

Here's the big news affecting currently serving and retired troops and families:

Military pay raise: All currently serving troops will see a 1.7% raise.

TRICARE pharmacy co-pays: The bill includes the MOAA-supported alternative to the dramatic DoD-proposed copay hikes:

Brand-name retail meds: Instead of raising the current $12 copay to $26 and then to $34 over the next four years, the defense bill caps it at $17 for 2013, and limits future annual increases to the percentage increase in military retired pay. For example, if the retiree COLA for 2014 is 3%, that would translate to a 51-cent copay increase. But the new law bars any copay hike until the accumulated COLA-based increase is at least $1, so (assuming the COLA for 2015 is also 3%), the copay would stay at $17 for 2014 and rise to $18 in 2015.

Non-formulary retail meds: DoD proposed to eliminate these medications (currently available for $25 copay) through retail pharmacy. The new law still keeps them available through retail for $44 copay. Expensive, but better than not having them available at all. Generic retail meds: DoD proposed raising the current $5 copay by $1 a year, starting in 2014. The new law keeps it at $5 for 2013, and applies the COLA cap for future annual adjustments. Barring large increases in future retired pay COLAs, it will likely be several years before we see an increase to $6.

Mail-order generic copays: Instead of the DoD proposal to reinstate a $9 copay for generics in 2017, the new law retains the current zero co-pay.

Mail-order brand-name copays: Instead of the DoD plan to raise the current $9 co-pay to $26 for 2013 and to $34 over the next four years, the new law caps the 2013 copay at $13, and applies the COLA cap for future years (at 3% per year, it would stay at $13 for 2014 and 2015, then rise to $14 for 2016).

Mail-order non-formulary copays: Instead of the DoD plan to raise the current $25 copay to $51 for 2013 and to $66 over the next four years, the new law caps the 2013 copay at $44 and applies the COLA cap for future years (meaning an additional $1 increase for 2014 if there's a 3% COLA).

Mail-order/military pharmacy refills: To make up the lost revenue from capping copays at lower rates, the new law requires TRICARE-for-Life eligible beneficiaries to try using either military pharmacies or the mail-order system for refills of maintenance medications for at least one year. After a year, they can opt out and go back to using the retail system for all refills if they choose. This new requirement likely will take effect sometime in March 2013. The law establishes requirements to ensure no one is turned away at retail pharmacies without enough medication to last until a mail-order account is established for them. It also gives DoD authority to waive the requirement for selected medications (e.g., many generics likely will be exempted, because they cost no more in retail pharmacies) or beneficiaries (e.g., nursing home patients).

Military Compensation and Retirement Modernization Commission: As proposed by the Administration and approved by the Senate, the members of this commission would all be appointed by the Administration, and its recommendations would have to be considered by Congress under expedited, BRAC-type rules that would have barred any amendments and required a "yes or no" Congressional vote, with only limited time for review and debate. The final law addresses MOAA's strong objections to that proposal. To protect against packing the panel with Administration "yes-people", it allows the president to appoint one commissioner, with two each to be appointed by the Republican and Democratic leaders of the House and Senate, in consultation with Armed Services Committee leaders. Most important, the final law also drops any requirement for a congressional vote, let alone under BRAC-style rules.

Concurrent Receipt: The new law fixes a long-standing glitch in the current statutory formula that now underpays (and in some cases eliminates any payment) of Combat-Related Special Compensation for combat-disabled military retirees. The affected people will see their proper CRSC payments effective January 1, 2013. Because the formula is so complicated and varies by service length and VA disability rating, it's impossible to tell in advance which specific people are getting paid correctly vs. incorrectly under current law. Most of the people affected are likely to be combat-disabled members forced into medical retirement with less than 20 years of service.

The pharmacy copay provisions in the newly approved FY2013 Defense Authorization Act are right in line with MOAA's long-standing goal of establishing statutory principles for setting and adjusting military compensation and benefit levels.